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NATIONAL INTELLIGENCE DAILY CABLE

Monday 24 April 1978

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NATIONAL SECURITY INFORMATION
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State Dept. review completed

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National Intelligence Daily Cable for Monday, 24 April 1978

The NID Cable is for the purpose of informing senior US officials.

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HUNGARY: Party Plenum Results

25X1 [] *The Hungarian Communist Party Central Committee, at its plenum held last Wednesday and Thursday, made a number of personnel changes that reflect the party's unhappiness with Hungary's economic performance. The changes may also be a result of differences over a reported decision to phase out subsidies for most consumer goods over the next two year.*

25X1 [] Janos Hoos, deputy head of the Central Committee's economic policy department, replaced former department chief Imre Pardi, and the party chief of economically important Budapest was replaced by his deputy, Lajos Mehes. Istvan Soltesz, director general of the Csepel iron and metal works, was elected Minister of Metallurgy and Machine Engineering.

25X1 [] The plenum communique acknowledged the country's economic shortcomings. Several industrial enterprises were noted for not meeting a desired level of production efficiency, and some sectors had not reached the targets set by the current five-year plan.

25X1 [] Although no details are available yet on the reported decision to remove subsidies on consumer goods, the resulting price increases will probably be offset by wage increases or price increases on other goods, thereby preventing a significant drop in real wages.

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[] On the political side, the communique repeated its standard themes: praise for the USSR, solidarity with Third World liberation movements, and support for "further improvements" in Soviet-US relations. Hungarian relations with the US were said to be making headway.

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[] The party achieved a balance on relations with West European Communist parties. While lauding proletarian internationalism, and the "general laws" of socialism, the Hungarians also underlined the independence of each party in creatively applying Marxism-Leninism to its own situation.

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[] The "retirement" of Central Committee secretary for party organizational and military-security affairs Bela Biszku, probably eliminates a possible successor to party leader Kadar. 25X1 Biszku may have been removed for political or health reasons. His former responsibilities may be divided between the two new party secretaries, Ferenc Havasi and Mihaly Korom. []

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USSR: Naval Logistic Support

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[] Soviet merchant tankers supporting naval forces in the Mediterranean continue to call at Italian ports for provisions. Most recently, the tanker Komsol arrived at Palermo, probably to take on fresh water and stores for delivery to naval units. At least four merchant tankers have called at Italian ports so far this year, two calling twice.

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[] //The bulk of the Soviets' deployed naval logistic support is vested in naval auxiliaries designed specifically for replenishment at sea. A Soviet weakness in logistic support, however, is the limited number of forward facilities where replenishment ships can restock their cargo. Such ships have called routinely at Italian ports since the early 1970s.//

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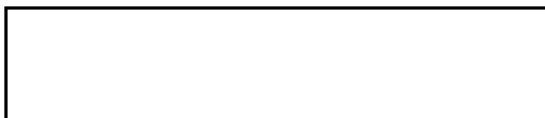
[] //Occasional calls are also made in other coastal countries. Last month, a naval replenishment oiler called at Piraeus, Greece, for probable reprovisioning. Naval oilers have been painted to match the merchant fleet; with commercial status, these vessels can circumvent requirements for diplomatic clearances of naval ships.//

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[REDACTED] //Such reprovisioning by merchant ships eases the logistic problems of the Soviets' Mediterranean Fleet and permits the fleet to maintain its presence inconspicuously.//



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EC: Farm Ministers Meeting

25X1 [] //EC farm ministers probably will propose the lowest agricultural support price hike in years, but debate on the issue--which begins today in Luxembourg--promises to be contentious. The ministers are unlikely to do much about the fundamental problems of the EC's Common Agricultural Policy--commodity surpluses; a complex system of exchange rates, taxes, and subsidies; and nonparallel treatment of products from the Mediterranean and from northern Europe.//

25X1 [] //Under Commission recommendations, support prices would rise an average 1.9 percent, resulting in only a 0.5 - percentage point increase in retail food prices and a 0.1 - percentage point increase in the overall cost of living. During negotiations, however, the ministers usually add some to the proposed increase.//

25X1 [] //Farm ministers have already staked out a wide variety of bargaining positions. West Germany and Belgium say that the proposed increase is too small; the UK opposes any increase for commodities already in surplus. Belgium and the UK are linking their approval to the granting of special assistance to their farmers.//

25X1 [] //Italy objects to the proposed price increases for Mediterranean products as insufficient and the increases for other products such as milk and cereals as excessive.//

25X1 [] //The Commission has proposed no major new measures to reduce agricultural surpluses that constitute the biggest drain on the agricultural budget. Overproduction of grains and dairy products has been a persistent problem. Recently, surplus output of beef, wine, and sugar has led to costly intervention purchases; surpluses of olive oil and tobacco are emerging as well.//

25X1 [] //High, guaranteed support prices have stimulated production and restrained consumption. The resulting stocks are either stored at high cost or sold abroad at greatly subsidized prices--to the irritation of other agricultural exporting nations.//

25X1 [] //The Commission is proposing that the special exchange rate system used in Community agricultural trade be phased out over a seven-year period, but the proposal is unlikely to be adopted because of opposition from the UK and West Germany. The so-called "green rates" distort trade and production, the Commission charges, by overprotecting the agricultural sector from monetary changes. The cost of this protection has risen from less than 4 percent of the EC farm budget in 1973 to 13 percent in 1977; it is likely to rise again this year.//

25X1 [] //The Commission will also introduce a package aimed at Mediterranean agriculture that calls for subsidies for some Mediterranean products, improvements in marketing organizations, and funds for infrastructure projects in the poorest regions. This package probably will be adopted nearly intact. []

CHAD: Military Situation

25X1 [] //Muslim insurgents in Chad captured the government outpost of Arada on Friday and apparently continue to engage French and Chadian forces in the Salal area. The fall of Arada has increased the threat to Abeche, the largest town in eastern Chad, and has prompted France to evacuate its citizens from the city. France has sent additional combat troops to assist the Chadian Army; the arrival of these reinforcements would bring the total number of French military personnel in the country to about 1,000. President Giscard and his advisers are debating whether France should further expand its role in the fighting.//

25X1 [] //No fighting has been reported in eastern Chad since the surrender of the 100-man Chadian garrison at Arada, but France's evacuation of its nationals and other foreigners from Abeche suggests that the French believe fighting may soon resume. A contingent of French commandos and military advisers is thought to be in Abeche helping to prepare its defenses.//

25X1 [] //The battle at Salal, which began with the insurgents' capture of the town more than a week ago, continued into the weekend. Although a French-led counterattack early last week retook part of the town, the French Ambassador in Ndjamena reports that the rebels were still in Salal on Saturday.//

25X1 [] //Casualties on both sides are said to be heavy at Salal. The French say as many as a quarter of the estimated 400 rebels involved in the battle have been killed, while Chadian and French casualties are put at 20, including at least two French soldiers killed.//

25X1 [] //Alarmed by the heavy fighting and the increased threat to French nationals, President Giscard authorized the dispatch of some 350 Foreign Legionnaires to Chad over the weekend. France had sent an almost equal number of reinforcements early last month. The Legionnaires will probably be assigned either to the defense of Abeche or to the Salal fighting.//

25X1 [] //A senior French official has told US Embassy officers in Paris that the French Government was "not optimistic"

about being able to control the situation, even with the new forces being committed. He ruled out any attempt to recapture territory previously lost in the north.//

SPAIN: Communist Party Congress

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[redacted] The Spanish Communist Party congress that ended yesterday reelected Santiago Carrillo as secretary general and strongly endorsed his "Eurocommunist" line. The Soviets have reacted sharply.

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[redacted] As Carrillo had promised, the congress included open debates and the election of all officers by secret ballot. Carrillo's controversial proposal to drop "Leninist" from the party's title passed by a vote of 968 to 248, with 40 abstentions. The Spanish party is the first West European Communist party to take this significant step away from Soviet-style Communism.

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*[redacted] Viktor Afanasyev, head of the USSR's low-level delegation to the congress and editor of *Pravda*, told Spanish newsmen that the USSR disapproves of the Spanish party's action. He also said it is a mistake to air party differences in public.*

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*[redacted] *Pravda* printed a scathing attack on Eurocommunism yesterday, charging its adherents with unwarranted assaults on the USSR and with weakening the workers' movement in the West.*

25X1 [] Moscow is concerned about the potential encouragement to dissidents in the USSR and Eastern Europe offered by Carrillo's fiercely independent stand. These Soviet concerns have probably been fueled by messages of support sent to the Spanish party congress by the Romanian Party Communist []

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BRIEF

Bangladesh

25X1 [] Bangladeshi President Ziaur Rahman has announced that the presidential election will be held on 3 June. Zia had planned to form a national political front to support his candidacy, and to name a cabinet in which civilian politicians would participate. Although he is still negotiating with the politicians, Zia apparently has decided neither the front nor the cabinet is essential to the campaign.

25X1 [] Zia should have little trouble winning. He is popular, and his opponents--including the Awami League, the country's largest party --appear to have no candidate who could seriously challenge him. Moreover, Zia could use the election ground rules announced last week to disqualify any opponent.

25X1 [] The resumption of political activity will be gradual, and processions--which can easily get out of hand--will not be permitted. Clashes between student political factions that forced the closing of Dacca University on 19 April, however, demonstrate the difficulty of keeping Bangladeshi politics non-violent. []

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